



## **PRIVATE RI REPORT**

### **2021 PILOT**

#### **Minnesota State Board of Investment - Combined Funds**

**Updated 2021-10-19**

# About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities.

This **Private RI Report** is an export of your responses to the PRI Reporting Framework during the 2021 reporting period. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish – to share with your stakeholders. The **Private RI Report** supports dialogue within your organisation, as well as with your clients, beneficiaries and other stakeholders if you chose to share it externally.

You will also receive a **Public RI Report**, which only includes responses to mandatory indicators and responses to voluntary indicators that you agreed to make public. Unlike this **Private RI Report**, the **Public RI Report** will be publicly available on the PRI website.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

## Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

## PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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# Senior Leadership Statement (SLS)

## Senior leadership statement

### Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment?
- What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?

The primary mission of the Minnesota State Board of Investment (MSBI) is to maintain the long-term viability of various retirement and other state funds for the State of Minnesota. All pension fund investments undertaken by the MSBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 356A. In the conjunction with its fiduciary duty, the MSBI recognizes the importance of addressing Environmental, Social and Governance (ESG) risk across its investment portfolio.

In September 2017, the MSBI adopted a set of Investment Beliefs for managing the assets of the defined benefit pension plans of various state and local employees. The primary purpose of these Beliefs is to guide the MSBI toward sound investing principles related to investing pension funds. In this respect, the Beliefs help provide context for MSBI's actions, reflect MSBI's investment values, and acknowledge MSBI's role in supporting the State's broader retirement systems. One of these beliefs is as follows: Utilizing engagement initiatives to address environmental, social, and governance-related (ESG) issues can lead to positive portfolio and governance outcomes. In conjunction with this belief, the MSBI authorizes a proxy committee that is responsible for voting the board's proxy rights with respect to shares owned in publicly traded U.S. companies. By exercising its proxy rights, the MSBI influences how companies address ESG issues. In addition to exercising proxy voting rights, the MSBI has partnered with several organizations to engage directly with companies, and other entities, more effectively on ESG issues.

In 2019, the SBI engaged Meketa Investment Group to review the potential impact of climate change on the SBI's investment portfolio. This report concluded that the MSBI should continue its efforts to address and manage climate and other material ESG risks and opportunities. Since then the SBI has implemented several recommendations from that report such as engagement with companies and participating in coalitions addressing climate change risk.

In February 2020, the MSBI adopted a resolution on ESG directing the MSBI Executive Director to continue developing the MSBI's approach to addressing ESG investment risk throughout the investment portfolios. The resolution stated that MSBI believes that corporations and partnerships that do not take ESG risk into consideration may jeopardize their financial viability and decrease their value, and that the MSBI encourages managers to enhance their ESG risk analysis. The resolution resolved that consistent with its fiduciary responsibility, the MSBI would continue to vote proxies, continue to participate in ESG coalitions, periodically update ESG informational materials, develop plans for addressing ESG investment risks, evaluate reducing the MSBI's investments to long-term carbon risk exposure and promote diversity on corporate boards and within the investment industry.

## Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policy makers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

In 2020, the MSBI continued its long history of proxy voting by voting proxies for approximately 2,500 U.S. corporations. The Proxy Committee continued to support a significant number of ESG related shareholder proposals. The MSBI took an active position on aligning executive compensation with shareholder interests by voting against close to 70% of advisory votes on executive compensation. In order to amplify its engagement efforts, the MSBI maintained membership in several investor organizations such as, Council of Institutional Investors, Ceres Investor Network, Midwest Investors Diversity Initiative, United Nations Principles of Responsible Investment, Thirty Percent Coalition, Climate Action 100+, and Institutional Limited Partners Association. These organizations provide research, engagement opportunities and other resources to more effectively address ESG issues. Common issues addressed by the coalitions include, but are not limited to, climate; gender, racial, and ethnic diversity; shareholder rights; corporate governance; and workers' rights. These engagements take the form of direct communication, letter writing and filing of shareholder resolutions.

In 2020, the MSBI engaged on various ESG initiatives with companies in which the MSBI holds an interest in its investment portfolios. For instance, the SBI continues to engage with Xcel Energy on climate issues through the Climate Action 100+ and started a new engagement with Hess Corporation through Ceres. The SBI contributed to engagement on board diversity with ANI Pharmaceuticals, Inc., Groupon Inc. and Navistar through the Midwest Investors Diversity Initiatives. All of these engagements are done with support from other institutional investors.

In addition to engaging with companies, the SBI engages with regulatory authorities on ESG issues impacting institutional investors. In 2020, the SBI submitted a comment to the Securities Exchange Commission opposing new rules regulating SBI's proxy service providers. In addition, the SBI submitted a comment to the U.S. Department of Labor in opposition to amended rules regarding ESG considerations in ERISA regulated investment portfolios. The SBI cosigned a letter that was sent to companies listed in the Russell 3000 index urging the companies to disclose the racial/ethnic and gender composition of their boards of directors in each company's 2021 proxy disclosure statement.

During 2020, the Board adopted a resolution stating that investments in companies that derive more than 25% of their revenue from thermal coal were no longer authorized investments in the SBI's publicly managed pension plan investment portfolio. The SBI Executive Director expanded this mandate to the SBI's non-retirement portfolios and Stable Value Fund. Investment managers are required to remove such companies from the SBI's portfolio by the end of calendar 2020. In addition, the SBI Executive Director began the process of removing investments in fossil fuel companies from the ITC State Cash Account. Such investments will be prohibited in the future.

## Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

**What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?**

At the direction of the Board's resolution, MSBI staff will continue to develop and refine its approach to addressing ESG investment risk throughout the investment portfolios. Since all of the Combined Funds assets are externally managed, MSBI investment staff will evaluate whether investment managers consider ESG risk and encourage managers to enhance their ESG risk analysis.

In 2021, the SBI is hiring a full time staff person dedicated to Proxy Voting, Engagement and ESG integration. This position in coordination with current staff will be responsible for continuing the implement the recommendations of the 2019 Meketa climate risk report as well as the 2020 MSBI ESG resolution.

## Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

**The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.**

Name	Mansco Perry III
Position	Executive Director
Organisation's name	Minnesota State Board of Investment

● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of 's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.

○ [Free text: Up to 2,000 characters (~300 words)]

# Organisational Overview (OO)

## Organisational information

### Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(A) Non-corporate pension or superannuation or retirement or provident fund or plan

(2) This is an additional (secondary) type

(N) Other, please specify

(1) This is our only (or primary) type

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1.1	CORE	OO 1	N/A	PUBLIC	Categorisation	GENERAL

Select which pensions you offer.

(A) Defined benefit

(1) This is our only (or primary) type

### Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

☐ (A) Yes

☒ (B) No

## Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day
Reporting year end date:	December	31.00
	Year	
Reporting year end date:	2020	

## Assets under management

### All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries	US\$ 82,140,167,778.00
(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission	US\$ 0.00

## Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.

### Percentage of AUM

(B) Listed equity – external	61.4%
(D) Fixed income – external	24.6%
(F) Private equity – external	10.5%
(H) Real estate – external	1.4%
(J) Infrastructure – external	2.1%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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OO 5.1	CORE	OO 5	Multiple, see guidance	PRIVATE	Asset breakdown	GENERAL
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Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure
(A) Segregated mandate(s)	100.0%	100.0%			
(B) Pooled fund(s) or pooled investment(s)			100.0%	100.0%	100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PRIVATE	Asset breakdown	GENERAL

**Provide a further breakdown of your listed equity assets.**

**(B) External allocation – segregated**

(1) Passive equity	69.0%
(2) Active – quantitative	11.0%
(3) Active – fundamental	20.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 FI	CORE	OO 5, OO 5.1	Multiple, see guidance	PRIVATE	Asset breakdown	GENERAL

**Provide a further breakdown of your fixed income assets.**

**(B) External allocation – segregated**

(4) Active – SSA	59.0%
(5) Active – corporate	41.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 PE	CORE	OO 5, OO 5.1	N/A	PRIVATE	Asset breakdown	GENERAL

**Provide a further breakdown of your private equity assets.**

(C) External allocation – pooled

(2) Growth capital	9.0%
(3) (Leveraged) buyout	70.0%
(4) Distressed, turnaround or special situations	13.0%
(5) Secondaries	8.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 RE	CORE	OO 5, OO 5.1	N/A	PRIVATE	Asset breakdown	GENERAL

Provide a further breakdown of your real estate assets.

(C) External allocation – pooled

(11) Other, please specify:	100.0%
Variable within each fund	

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 INF	CORE	OO 5, OO 5.1	N/A	PRIVATE	Asset breakdown	GENERAL

Provide a further breakdown of your infrastructure assets.

(C) External allocation – pooled

(9) Other, please specify:	100.0%
Variable within each fund	

# ESG strategies

## Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PRIVATE	Externally managed assets	1

Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external
(A) Screening alone	100.0%	100.0%	100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 SAM	CORE	OO 6 SAM	N/A	PUBLIC	Externally managed assets	1

What type of screening is applied to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external
(B) Negative screening only	100.0%	100.0%	100.0%

## Externally managed assets

### Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- ☐ (A) Yes  
☒ (B) No

## Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

- ☒ (A) Yes  
☐ (B) No

## Stewardship

### Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(2) Engagement on listed equity – passive	(3) (Proxy) voting on listed equity – active	(4) (Proxy) voting on listed equity – passive
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(E) We did not conduct this  
stewardship activity

☐
☐
☐
☐

## Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2
Does your organisation conduct stewardship activities for your fixed income assets?						
			(4) Active – SSA	(5) Active – corporate		
(A) Through service providers			<input type="checkbox"/>		<input type="checkbox"/>	
(B) Through external managers			<input type="checkbox"/>		<input type="checkbox"/>	
(C) Through internal staff			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
(D) Collaboratively			<input type="checkbox"/>		<input type="checkbox"/>	
(E) We did not conduct this stewardship activity for this strategy/asset type			<input type="checkbox"/>		<input type="checkbox"/>	

## Private equity, real estate and infrastructure

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 ALT	CORE	OO 5	Multiple, see guidance	PUBLIC	Private equity, real estate and infrastructure	2

Does your organisation conduct stewardship activities in the following asset classes?

	(1) Private equity	(2) Real estate	(3) Infrastructure
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct stewardship activities for this asset class	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# ESG incorporation

## External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(A) Listed equity – passive	<input type="radio"/>	<input checked="" type="radio"/>
(B) Listed equity – active	<input type="radio"/>	<input checked="" type="radio"/>
(D) Fixed income – active	<input type="radio"/>	<input checked="" type="radio"/>
(E) Private equity	<input type="radio"/>	<input checked="" type="radio"/>

(F) Real estate	<input type="radio"/>	<input checked="" type="radio"/>
(G) Infrastructure	<input type="radio"/>	<input checked="" type="radio"/>

## External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>

The following externally managed asset classes are reported in OO 5.1 as 100% pooled funds or pooled investments and, therefore, ESG incorporation into external manager appointment is not applicable.

	(3) ESG incorporation into external manager appointment is not applicable as we only invest in pooled funds
(E) Private equity	<input checked="" type="radio"/>
(F) Real estate	<input checked="" type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>

## External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(E) Private equity	<input checked="" type="radio"/>	<input type="radio"/>
(F) Real estate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>

## Voluntary reporting

### Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(A) Listed equity	<input checked="" type="radio"/>	<input type="radio"/>
(B) Fixed income – SSA	<input type="radio"/>	<input checked="" type="radio"/>
(C) Fixed income – corporate	<input type="radio"/>	<input checked="" type="radio"/>
(M) External manager selection, appointment and monitoring (SAM) – real estate	<input type="radio"/>	<input checked="" type="radio"/>
(N) External manager selection, appointment and monitoring (SAM) – infrastructure	<input type="radio"/>	<input checked="" type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

	(1) Yes, report on the module
ISP: Investment and Stewardship Policy	<input checked="" type="radio"/>
(J) External manager selection, appointment and monitoring (SAM) – listed equity	<input checked="" type="radio"/>
(K) External manager selection, appointment and monitoring (SAM) – fixed income	<input checked="" type="radio"/>

(L) External manager selection,  
appointment and monitoring  
(SAM) – private equity



## Pooled funds governance: Appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 5.1	SAM 12	PUBLIC	Pooled funds governance: Appointment	GENERAL

Would you like to voluntarily report on ESG incorporation in the appointment of your external managers for pooled funds?

☒ (A) Yes

☐ (B) No

## Other asset breakdowns

### Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PRIVATE	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

	(1) Listed equity	(2) Fixed income – SSA	(3) Fixed income – corporate
(A) Developed	90.0%		
(B) Emerging	10.0%		
(D) Other		100.0%	100.0%

	(6) Private equity	(7) Real estate	(8) Infrastructure
(A) Developed			
(B) Emerging			
(D) Other	100.0%	100.0%	100.0%

## Management by PRI signatories

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5	N/A	PRIVATE	Management by PRI signatories	GENERAL

What approximate percentage (+/-5%) of your externally managed assets are managed by PRI signatories?

85.0%

## Fixed income constraints

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 5.2 FI	OO 20.1	PRIVATE	Fixed income constraints	GENERAL

What percentage of your fixed income assets are subject to constraints? The constraints may be regulatory requirements, credit quality restrictions, currency constraints or similar.

Internal and external fixed income assets  
subject to constraints

(A) Fixed income – SSA	100.0%
(B) Fixed income – corporate	100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20.1	CORE	OO 20	N/A	PRIVATE	Fixed income constraints	GENERAL

Describe the constraints to your fixed income assets.

#### Fixed income constraints

(A) Fixed income – SSA Sudan, Iran, Tobacco, Thermal Coal

(B) Fixed income – corporate Sudan, Iran, Tobacco, Thermal Coal

## Context and explanation

### Appointment: Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 33	CORE	OO 5.1	N/A	PUBLIC	Appointment: Pooled funds	GENERAL

For your externally managed pooled funds, please describe any other mechanisms in place to set expectations as part of the appointment or commitment process.

For all private market investments the SBI makes, special terms are negotiated in a side letter. In addition to many items specific to governance, a term related to a general partner's consideration of ESG risks and opportunities is usually included as well.

### ESG not incorporated

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 35	CORE	Multiple, see guidance	N/A	PUBLIC	ESG not incorporated	1, 2

Describe why you currently do not incorporate ESG into your assets and/or why you currently do not conduct stewardship.

#### Description

(N) Externally managed: Listed equity – passive	The SBI is currently developing an approach to incorporate ESG across all asset classes beyond the current screening, proxy voting, and manager engagement practices
(O) Externally managed: Listed equity – active	The SBI is currently developing an approach to incorporate ESG across all asset classes beyond the current screening, proxy voting, and manager engagement practices
(Q) Externally managed: Fixed income – active	The SBI is currently developing an approach to incorporate ESG across all asset classes beyond the current screening, proxy voting, and manager engagement practices
(R) Externally managed: Private equity	The SBI is currently developing an approach to incorporate ESG across all asset classes beyond the current screening, proxy voting, and manager engagement practices
(S) Externally managed: Real estate	The SBI is currently developing an approach to incorporate ESG across all asset classes beyond the current screening, proxy voting, and manager engagement practices
(T) Externally managed: Infrastructure	The SBI is currently developing an approach to incorporate ESG across all asset classes beyond the current screening, proxy voting, and manager engagement practices

# Investment and Stewardship Policy (ISP)

## Responsible investment policy & governance

### Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- ☒ (A) Yes, we do have a policy covering our approach to responsible investment  
☐ (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- ☒ (A) Overall approach to responsible investment  
☐ (B) Guidelines on environmental factors  
☐ (C) Guidelines on social factors  
☐ (D) Guidelines on governance factors  
☒ (E) Approach to stewardship  
☐ (F) Approach to sustainability outcomes  
☐ (G) Approach to exclusions  
☐ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented  
☐ (I) Definition of responsible investment and how it relates to our fiduciary duty  
☐ (J) Definition of responsible investment and how it relates to our investment objectives  
☐ (K) Responsible investment governance structure  
☐ (L) Internal reporting and verification related to responsible investment  
☐ (M) External reporting related to responsible investment  
☐ (N) Managing conflicts of interest related to responsible investment  
☐ (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PRIVATE	Responsible investment policy	1

What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?

- ☐ Investment staff maintain ongoing dialogue with managers about their ESG and D&I initiatives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

☒ (A) Overall approach to responsible investment. Add link(s):

☒ (E) Approach to stewardship. Add link(s):

☐ (P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

☐ (A) Overall approach to responsible investment

AUM coverage of all policy elements in total:

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?

☐ (A) Board and/or trustees

☐ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

☐ (C) Investment committee

- ☐ (D) Other chief-level staff, please specify:
- ☒ (E) Head of department, please specify department:

Director of Legal, Legislative Policy, and Shareholder Services

- ☐ (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

**In your organisation, which internal or external roles have responsibility for implementing responsible investment?**

- ☐ (A) Board and/or trustees
- ☐ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☐ (C) Investment committee
- ☐ (D) Other chief-level staff [as specified]
- ☐ (E) Head of department [as specified]
- ☐ (F) Portfolio managers
- ☐ (G) Investment analysts
- ☒ (H) Dedicated responsible investment staff
- ☐ (I) Investor relations
- ☐ (J) External managers or service providers
- ☐ (K) Other role, please specify:
- ☐ (L) Other role, please specify:
- ☐ (M) We do not have roles with responsibility for implementing responsible investment.

## People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

**What formal objectives for responsible investment do the roles in your organisation have?**

(5) Head of department [as specified]

(8) Dedicated responsible investment staff

(A) Objective for ESG  
incorporation in investment  
activities

☐
☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach



(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)



(D) Objective for ESG performance



(E) Other objective related to responsible investment [as specified]



(F) Other objective related to responsible investment [as specified]



(G) No formal objectives for responsible investment exist for this role



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PRIVATE	People and capabilities	General

**Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.**

☐ None

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

(5) Head of department

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

☐

(8) Dedicated responsible investment staff

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

☐

(G) We have not linked any RI objectives to variable compensation

☒

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?

- (A) Quarterly or more frequently
- (B) Bi-annually
- (C) Annually
- (D) Less frequently than annually

○ (E) On an ad hoc basis

● (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

## Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

Does your organisation incorporate ESG factors into your strategic asset allocation?

☐ (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes

☐ (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes

☒ (C) No, we do not incorporate ESG considerations into our strategic asset allocation

☐ (D) Not applicable, we do not have a strategic asset allocation process

## Stewardship

### Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PRIVATE	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity 100.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

☐ (A) Key stewardship objectives

☐ (B) Prioritisation approach of ESG factors and their link to engagement issues and targets

- ☐ (C) Prioritisation approach depending on entity (e.g. company or government)
- ☐ (D) Specific approach to climate-related risks and opportunities
- ☐ (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- ☐ (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- ☐ (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- ☐ (H) Approach to collaboration on stewardship
- ☐ (I) Escalation strategies
- ☐ (J) Conflicts of interest
- ☐ (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- ☐ (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- ☒ (M) None of the above elements are captured in our stewardship policy

## Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

### How is your stewardship policy primarily applied?

- ☒ (A) It requires our organisation to take certain actions
  - ☐ (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
  - ☐ (C) It creates permission for taking certain measures that are otherwise exceptional
  - ☐ (D) We have not developed a uniform approach to applying our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 14	PLUS	Multiple, see guidance	N/A	PRIVATE	Stewardship policy implementation	2

How does your organisation ensure that its stewardship policy is implemented by external service providers? Please provide examples of the measures your organisation takes when selecting external providers, when designing engagement mandates and when monitoring the activities of external service providers.

Provide examples below:

(B) Measures taken when designing engagement mandates for external providers:

The SBI shares its proxy voting guidelines with all non-US managers

## Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure
(A) Maximise the risk-return profile of individual investments	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income	(3) Private equity	(4) Real estate	(5) Infrastructure
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other criteria to prioritise engagement targets, please specify:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(I) We do not prioritise our engagement targets

☐ ☐ ☐ ☐ ☐

## Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PRIVATE	Stewardship methods	2
<p><b>Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.</b></p>						
(A) Internal resources (e.g. stewardship team, investment team, ESG team or staff)					1	
(B) External investment managers, third-party operators and/or external property managers (if applicable)					We do not use this method	
(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee)					3	
(D) Informal or unstructured collaborations with peers					We do not use this method	
(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (ICI) or similar)					2	

## Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

**Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?**

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PRIVATE	Collaborative stewardship	2

#### Describe your position on collaborating for stewardship.

As a resource constrained public pension, the SBI relies on the staff and expertise of other institutions to guide our engagement efforts. For Proxy Voting, the SBI has a robust internal process that relies on Glass Lewis as a research service but otherwise does not require collaboration.

## Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PRIVATE	Escalation strategies	2

Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?

	(1) Listed equity	(2) Fixed income
(A) Collaboratively engaging the entity with other investors	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>

(D) Voting against the re-election of one or more board directors

☐
☐

(E) Voting against the chair of the board of directors

☐
☐

(F) Voting against the annual financial report

☐
☐

(G) Divesting or implementing an exit strategy

☐
☐

(H) We did not use any escalation measures during the reporting year. Please explain why below

☐
☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?**

**(1) Listed equity**

**(2) Fixed income**

(A) Collaboratively engaging the entity with other investors

☐
☐

(B) Filing/co-filing/submitting a shareholder resolution or proposal

☐
☐

(C) Publicly engaging the entity (e.g. open letter)

☐
☐

(D) Voting against the re-election of one or more board directors

☐☐

(E) Voting against the chair of the board of directors

☐☐

(F) Voting against the annual financial report

☐☐

(G) Divesting or implementing an exit strategy

☐☐

(H) We do not have any restrictions on the escalation measures we can use

☒☒

## Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PRIVATE	Alignment and effectiveness	2

Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.

These efforts were not coordinated in 2020

## Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PRIVATE	Stewardship examples	2

Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.

(1) Engagement type		(2) Primary goal of stewardship activity
(A) Example 1	b) Collaborative	c) Both managing ESG risks and delivering outcomes
(B) Example 2	b) Collaborative	c) Both managing ESG risks and delivering outcomes
(3) The ESG factors you focused on in the stewardship activity		(4) Description of stewardship activity and the desired change(s) you achieved
(A) Example 1	Diversity	Filing shareholder resolution regarding diversity of board of directors
(B) Example 2	Environment	Filing resolution regarding flaring

## Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?

- ☐ (A) We engage with policymakers directly
- ☒ (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- ☐ (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?

☒ (A) We participate in "sign-on" letters on ESG policy topics. Describe:

Through coalitions like PRI, CII, Ceres, ILPA, and others.

☐ (B) We respond to policy consultations on ESG policy topics. Describe:

☐ (C) We provide technical input on ESG policy change. Describe:

☐ (D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:

☐ (E) We proactively engage regulators and policymakers on other policy topics. Describe:

☐ (F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

☐ (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:

☒ (B) No, we do not have these governance processes in place. Please explain why not:

In development

## Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

☐ (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

☒ (B) No, we do not have a policy(ies) in place. Please explain why not:

In development

## Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

☒ (A) We publicly disclosed details of our policy engagement activities. Add link(s):

<https://mn.gov/sbi/ESG%20and%20Stewardship.html>

☒ (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

<https://mn.gov/sbi/ESG%20and%20Stewardship.html>

☐ (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:

☐ (D) Not applicable, we did not conduct policy engagement activities

## Climate change

### Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

☐ (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

☒ (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

☐ (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

☒ (B) No, we currently do not publicly support the TCFD

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

### How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

- ☐ (A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:
- ☐ (B) By articulating internal/external roles and responsibilities related to climate. Specify:
- ☐ (C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:
- ☒ (D) **By incorporating climate change into investment beliefs and policies. Specify:**
- The SBI proxy voting guidelines support proposals that seek greater disclosure of company efforts to address climate change.
- ☒ (E) **By monitoring progress on climate-related metrics and targets. Specify:**
- The SBI Board regularly asks for updates on fossil fuel and climate change related investments.
- ☐ (F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:
- ☐ (G) Other measures to exercise oversight, please specify:
- ☐ (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

### What is the role of management in assessing and managing climate-related risks and opportunities?

- ☐ (A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:
- ☒ (B) **Management implements the agreed-upon risk management measures. Specify:**
- During 2020, the Board adopted a resolution stating that investments in companies that derive more than 25% of their revenue from thermal coal were no longer authorized investments in the SBI's publicly managed investment portfolio for the Combined Funds. The SBI Executive Director expanded this mandate to the SBI's non-retirement portfolios and Stable Value Fund. Investment managers are required to remove such companies from the SBI's portfolio by the end of calendar 2020. In addition, the SBI Executive Director began the process of removing investments in fossil fuel companies from the ITC State Cash Account. Such investments will be prohibited in the future
- ☐ (C) Management monitors and reports on climate-related risks and opportunities. Specify:
- ☐ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:
- ☐ (E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

☐ (F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

## Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?**

☐ (A) Specific financial risks in different asset classes. Specify:

☒ (B) **Specific sectors and/or assets that are at risk of being stranded. Specify:**

During 2020, the Board adopted a resolution stating that investments in companies that derive more than 25% of their revenue from thermal coal were no longer authorized investments in the SBI's publicly managed pension plan investment portfolio.

☐ (C) Assets with exposure to direct physical climate risk. Specify:

☐ (D) Assets with exposure to indirect physical climate risk. Specify:

☐ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

☐ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

☒ (G) **Other climate-related risks and opportunities identified. Specify:**

Long-term carbon risk exposure

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

**For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.**

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(G) Other climate-related risks and opportunities identified [as specified]



(5) 11–20 years

(6) 21–30 years

(7) >30 years

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]



(G) Other climate-related risks and opportunities identified [as specified]



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General
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**Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?**

- ☐ (A) Specific financial risks in different asset classes. Specify:
- ☐ (B) Specific sectors and/or assets that are at risk of being stranded. Specify:
- ☐ (C) Assets with exposure to direct physical climate risk. Specify:
- ☐ (D) Assets with exposure to indirect physical climate risk. Specify:
- ☐ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:
- ☐ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:
- ☐ (G) Other climate-related risks and opportunities identified, please specify:
- ☒ (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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ISP 32	PLUS	N/A	N/A	PRIVATE	Strategy	General
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**Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.**

Climate-related risks have resulted in actions like the Thermal Coal resolution which stated that investments in companies that derive more than 25% of their revenue from thermal coal were no longer authorized investments in the SBI's publicly managed investment portfolio for the Combined Funds. This resulted in a reduced exposure to long-term carbon related risks.

## Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

**Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.**

- ☐ (A) An orderly transition to a 2°C or lower scenario
- ☐ (B) An abrupt transition consistent with the Inevitable Policy Response
- ☐ (C) A failure to transition, based on a 4°C or higher scenario
- ☐ (D) Other climate scenario, specify:
- ☒ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

## Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PRIVATE	Risk management	General

**Which risk management processes do you have in place to identify and assess climate-related risks?**

- ☐ (A) Internal carbon pricing. Describe:
- ☐ (B) Hot spot analysis. Describe:
- ☐ (C) Sensitivity analysis. Describe:
- ☐ (D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:
- ☐ (E) TCFD reporting requirements on companies. Describe:
- ☐ (F) Other risk management processes in place, please describe:
- ☒ (G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PRIVATE	Risk management	General

**In which investment processes do you track and manage climate-related risks?**

☒ (A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

The SBI supports coalitions that encourage the industry to manage climate-related risks and has engaged with two companies directly.

☒ (B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

The SBI votes in favor of shareholder resolutions that ask companies to report on climate-related risks.

☒ (D) In our external investment manager monitoring process. Describe:

Holdings are monitored to ensure the thermal coal restriction is being followed.

☐ (E) In the asset class benchmark selection process. Describe:

☐ (F) In our financial analysis process. Describe:

☐ (G) Other investment process(es). Describe:

☐ (H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PRIVATE	Risk management	General

**How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?**

☐ (A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

☐ (B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk). Describe:

☐ (C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis. Describe:

☐ (D) Executive remuneration is linked to climate-related KPIs. Describe:

☐ (E) Management remuneration is linked to climate-related KPIs. Describe:

☐ (F) Climate risks are included in the enterprise risk management system. Describe:

☐ (G) Other methods for incorporating climate risks into overall risk management, please describe:

☒ (H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

## Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PRIVATE	Metrics and targets	General

**Have you set any organisation-wide targets on climate change?**

- ☐ (A) Reducing carbon intensity of portfolios  
☒ **(B) Reducing exposure to assets with significant climate transition risks**  
☐ (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes  
☐ (D) Aligning entire group-wide portfolio with net zero  
☐ (E) Other target, please specify:  
☐ (F) No, we have not set any climate-related targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37.1	PLUS	ISP 37	N/A	PRIVATE	Metrics and targets	General

**Provide more details about your climate change target(s).**

**(8) Other details**

(B) Reducing exposure to assets with significant climate transition risks

Thermal Coal reduction

## Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PRIVATE	Metrics and targets: Transition risk	General

**What climate-related metric(s) has your organisation identified for transition risk monitoring and management?**

- ☐ (A) Total carbon emissions  
☐ (B) Carbon footprint  
☐ (C) Carbon intensity  
☐ (D) Weighted average carbon intensity  
☐ (E) Implied temperature warming  
☐ (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)

- ☐ (G) Avoided emissions metrics (real assets)
- ☐ (H) Other metrics, please specify:
- ☒ (I) No, we have not identified any climate-related metrics for transition risk monitoring

## Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PRIVATE	Metrics and targets: Physical risk	General

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- ☐ (A) Weather-related operational losses for real assets or the insurance business unit
- ☐ (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- ☐ (C) Other metrics, please specify:
- ☐ (D) Other metrics, please specify:
- ☒ (E) We have not identified any metrics for physical risk monitoring

## Sustainability outcomes

### Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- ☒ (A) No, we have not identified the sustainability outcomes from our activities
- ☐ (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43.1	PLUS	ISP 43	N/A	PRIVATE	Identify sustainability outcomes	1

If you have not identified the intended and unintended sustainability outcomes for any of your activities, please explain why.

The SBI has only recently begun engagement initiatives on climate related issues and has yet to learn of any definite outcomes

# Transparency & Confidence-Building Measures

## Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☐ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☐ (D) A description of our investment process and how ESG is considered
- ☐ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☐ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☐ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☐ (J) A list of our main investments and holdings
- ☒ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

## Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

**What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?**

- ☐ (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- ☐ (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- ☐ (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- ☐ (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- ☐ (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- ☐ (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- ☐ (J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

**Who has reviewed/verified the entirety of or selected data from your PRI report?**

- |   |                         |
|---|-------------------------|
| (A) Board and/or trustees   | (4) report not reviewed |
| (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO)) | (4) report not reviewed |
| (C) Investment committee  | (4) report not reviewed |
| (D) Other chief-level staff, please specify:  | (4) report not reviewed |
| (E) Head of department, please specify:   | (1) the entire report   |
| (F) Compliance/risk management team   | (4) report not reviewed |
| (G) Legal team  | (1) the entire report   |

# Manger Selection, Appointment and Monitoring (SAM)

## Investment consultants

### Investment consultant selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 8	N/A	PUBLIC	Investment consultant selection	4

During the reporting year, what responsible investment requirements did you include in all of your selections of investment consultants? (If you did not select any investment consultants during the reporting year, refer to the last reporting year in which you did select investment consultants.)

- ☒ (A) We required evidence that they incorporated responsible investment criteria in their advisory services
- ☐ (B) We required them to be able to accommodate our responsible investment priorities
- ☐ (C) We required evidence that their staff had adequate responsible investment expertise
- ☒ (D) We required them to have access to ESG data and quantitative ESG analytical tools to support their recommendations
- ☐ (E) We required evidence that the consultants working directly with us would receive additional ESG training where needed
- ☐ (F) We required them to analyse the external managers' impact on sustainability outcomes
- ☐ (G) Other, please specify:
- ☐ (H) We did not include responsible investment requirements in our selection(s) of investment consultants

## Appointment

### Pooled funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 12, OO 5.1, OO 15	N/A	PUBLIC	Pooled funds	4

**How did your organisation, or the investment consultants acting on your behalf, include responsible investment requirements for pooled funds in your current contracts with external managers? (Indicate the proportion of your AUM invested in pooled funds to which each of these requirements applies, regardless of when you appointed your different external managers.)**

(A) We amended or instituted side letters or equivalent legal documentation to include responsible investment requirements	(2) for the majority of our AUM invested in pooled funds
(B) We encouraged the external manager to include responsible investment requirements into the investment mandate, the investment management agreement or equivalent legal documentation	(4) for none of our AUM invested in pooled funds

## Segregated mandates

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 12, OO 5.1	N/A	PUBLIC	Segregated mandates	4

**When setting up segregated mandates with external managers, which responsible investment clauses did your organisation, or the investment consultants acting on your behalf, include in your current contractual agreements? (Indicate the proportion of your AUM invested in segregated funds to which each of these requirements applies, regardless of when you appointed your different external managers.)**

(A) The manager's commitment to follow our responsible investment strategy in the management of our assets	(2) for the majority of our AUM invested in segregated mandates
(B) The manager's commitment to incorporate material ESG factors into its investment and stewardship activities	(4) for none of our AUM invested in segregated mandates
(C) Exclusion list(s)	(1) for all of our AUM invested in segregated mandates
(D) Responsible investment communication and reporting obligations, including on stewardship activities and results	(3) for a minority of our AUM invested in segregated mandates
(E) Stewardship commitments in line with the PRI's guidance and focused on seeking sustainability outcomes and prioritising common goals and collaborative action	(4) for none of our AUM invested in segregated mandates

(F) Where applicable, commitment to fulfil a clear policy on security lending aligned with our own security lending policy or with the ICGN Securities Lending Code of Best Practice	(4) for none of our AUM invested in segregated mandates
(G) Incentives and controls to ensure alignment of interests	(4) for none of our AUM invested in segregated mandates
(H) Commitments on climate-related disclosure in line with internationally recognised frameworks such as the TCFD	(4) for none of our AUM invested in segregated mandates
(I) If applicable, commitment to disclose against the EU Taxonomy	(4) for none of our AUM invested in segregated mandates
(J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights	(4) for none of our AUM invested in segregated mandates
(K) The manager's acknowledgement that their appointment was conditional on their fulfilment of their responsible investment obligations	(4) for none of our AUM invested in segregated mandates
(L) Other, please specify:	(4) for none of our AUM invested in segregated mandates

# Monitoring

## Investment practices

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 13	N/A	PUBLIC	Investment practices	1

During the reporting year, which aspects of your external manager's responsible investment practices did you, or your investment consultant acting on your behalf, monitor?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity
(A) We monitored their alignment with our organisation's responsible investment strategy	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM
(B) We monitored any changes in their responsible investment-related policies, resourcing, oversight and responsibilities or investment processes	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(C) We monitored their use of ESG data, benchmarks, tools and certifications	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(D) We monitored how ESG incorporation affected investment decisions	(3) for a minority of our externally managed AUM	(4) for none of our externally managed AUM	(3) for a minority of our externally managed AUM	(2) for the majority of our externally managed AUM
(E) We monitored how ESG incorporation affected the fund's financial and ESG performance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We monitored any changes in ESG risk management processes	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(2) for the majority of our externally managed AUM

(G) We monitored their response to material ESG incidents	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM	(3) for a minority of our externally managed AUM
(H) Other, please specify:	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 15	PLUS	OO 13	N/A	PRIVATE	Investment practices	1

**During the reporting year, which information did your organisation, or the investment consultants acting on your behalf, monitor for externally managed passive products?**

**(1) Listed equity (passive)**

(A) For all ESG passive products, we monitored how the manager applied, reviewed and verified screening criteria



(B) For all ESG passive products, we monitored how the manager rebalanced the product as a result of changes in ESG rankings, ratings or indexes



(C) For all ESG passive products, we monitored whether they met the responsible investment claims made by their managers



(D) For all passive products, we monitored the managers' participation in industry initiatives to enhance responsible investment

(E) Other, please specify:

(F) We did not monitor passive products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	PLUS	OO 13	N/A	PRIVATE	Investment practices	1

**Provide an example of a leading practice you adopted as part of your monitoring of your external managers' responsible investment practices in private equity, real estate and/ or infrastructure during the reporting year.**

**Please provide examples below:**

(A) Private equity In 2020, SBI staff had conversations focused on Diversity and Inclusion and ESG approach with the majority of its general partners.

## Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

**During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' stewardship activities?**

**(1) Listed equity (active)**

**(2) Listed equity (passive)**

(A) We monitored any changes in stewardship policies and processes

(4) for none of our externally managed AUM

(4) for none of our externally managed AUM

(B) We monitored the degree of implementation of their stewardship policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) We monitored their prioritisation of systemic issues	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored their prioritisation of ESG factors beyond corporate governance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) We monitored their investment team's level of involvement in stewardship activities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) We monitored whether stewardship actions and results were fed back into the investment process and investment decisions	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(G) We monitored whether they had made full use of a variety of stewardship tools to advance their stewardship priorities	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(H) We monitored the deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(I) We monitored whether they had participated in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(J) We monitored the degree to which they had taken an active role in their participation in collaborative stewardship initiatives	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(K) Other, please specify:	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 18	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship	1, 2

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' (proxy) voting activities?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) We monitored any changes in (proxy) voting policies and processes	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We monitored whether (proxy) voting decisions were consistent with the managers' stewardship priorities as stated in their policy	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) We monitored whether their (proxy) voting decisions prioritised advancement of stewardship priorities over other factors (e.g. maintaining access to the company)	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We monitored whether their (proxy) voting track record was aligned with our stewardship approach and expectations, including whether it demonstrated the prioritisation of progress on systemic issues	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(E) We monitored the application of their security lending policy (if applicable) and whether security lending affected voting	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(F) Other, please specify:	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM

## Sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 19	PLUS	OO 13	N/A	PRIVATE	Sustainability outcomes	1

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, monitor your external managers' progress on sustainability outcomes?

☐ (A) We reviewed progress on the sustainability outcomes of their activities

- ☐ (C) We reviewed how they used individual or collaborative investee engagement, including voting, to make progress on sustainability outcomes
- ☐ (D) We reviewed how they used individual or collaborative systemic stewardship, including policy engagement, to make progress on sustainability outcomes
- ☐ (E) We reviewed how they contributed to public goods (such as research) or public discourse (such as media) or collaborated with other actors to track and communicate progress against global sustainability goals
- ☐ (F) Other, please specify:
- ☒ (G) We did not review their progress on sustainability outcomes

## Review

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 20	CORE	OO 13	N/A	PUBLIC	Review	1

During the reporting year, how often did your organisation, or the investment consultants acting on your behalf, require your external managers to report to you on their responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity
(A) Quarterly or more often	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) Every six months	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) Annually	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) Less than once a year	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM	(2) for the majority of our externally managed AUM

(E) On an ad hoc basis (e.g. whenever significant changes, incidents or ESG-linked events occur)

(3) for a minority of our externally managed AUM

(3) for a minority of our externally managed AUM

(3) for a minority of our externally managed AUM

(3) for a minority of our externally managed AUM

## Verification

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 21	PLUS	OO 13	N/A	PRIVATE	Verification	1

During the reporting year, how did your organisation, or the investment consultants acting on your behalf, verify the information reported by external managers on their responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity
(A) We required evidence of internal monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(B) We required evidence of external monitoring or compliance	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(C) We required that they had an independent ESG advisory board or committee	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
(D) We required verification by an external, independent auditor	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM

(E) Other, please specify:	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM	(4) for none of our externally managed AUM
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## Engagement and escalation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 22	CORE	OO 13	N/A	PUBLIC	Engagement and escalation	1

Which actions does your organisation, or the investment consultants acting on your behalf, include in its formal escalation process to address concerns raised during monitoring?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(5) Private equity
(A) We notify the external manager about their placement on a watch list	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) We engage the external manager's board or investment committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) We reduce exposure with the external manager until any non-conformances have been rectified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) We terminate the contract with the external manager if failings persist over a (notified) period of time and explain the reasons for the termination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other, please specify	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(F) Our organisation does not have a formal escalation process to address concerns raised by monitoring



## Listed Equity (LE)

## Stewardship

### Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)

☒ (A) Yes, we have a publicly available (proxy) voting policy Add link(s):

Available by request. Will be on website in 2021.

☐ (B) Yes, we have a (proxy) voting policy, but it is not publicly available

☐ (C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

What percentage of your listed equity assets does your (proxy) voting policy cover?

(A) Actively managed listed equity covered by our voting policy (12) 100%

(B) Passively managed listed equity covered by our voting policy (12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

Does your organisation's policy on (proxy) voting cover specific ESG factors?

☒ (A) Our policy includes voting guidelines on specific governance factors Describe:

Guidelines and precedents have been developed over several decades and include guidance on many governance issues that have come up for vote.

☒ (B) Our policy includes voting guidelines on specific environmental factors Describe:

Guidelines and precedents have been developed over several decades and include guidance on many environmental issues that have come up for vote.

☒ (C) Our policy includes voting guidelines on specific social factors Describe:

Guidelines and precedents have been developed over several decades and include guidance on many social issues that have come up for vote.

☐ (D) Our policy is high-level and does not cover specific ESG factors Describe:

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 17	CORE	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

When you use external service providers to give voting recommendations, how do you ensure that those recommendations are consistent with your organisation's (proxy) voting policy?

(A) We review service providers' controversial and high-profile voting recommendations before voting is executed (1) in all cases

(B) Before voting is executed, we review service providers' voting recommendations where the application of our voting policy is unclear (1) in all cases

## Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)

- (A) We have a public policy to address voting in our securities lending programme. Add link(s):
- (B) We have a policy to address voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our service provider(s)
- (D) We do not have a policy to address voting in our securities lending programme
- (E) Not applicable, we do not have a securities lending programme

## Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- (D) In the majority of cases, we support the recommendations of investee company management by default
- (E) In the majority of cases, we do not vote on shareholder resolutions

## Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?

- ☐ (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- ☐ (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:

- ☐ (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- ☐ (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- ☐ (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- ☒ (F) We did not privately or publicly communicate our voting intentions
- ☐ (G) We did not cast any (proxy) votes during the reporting year

## Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

**Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?**

- ☐ (A) Yes, for >95% of (proxy) votes Link:
- ☐ (B) Yes, for the majority of (proxy) votes Link:
- ☐ (C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:
- ☒ (D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Logistical challenges in downloading, uploading and presenting data. Voting decisions available by FOIA request. Intention to make these more available in the future.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?**

- ☐ (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company
- ☐ (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- ☒ (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- ☐ (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?**

- ☐ (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- ☒ (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- ☐ (C) We did not vote against any shareholder resolution proposed/filed by a PRI signatory

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 24	PLUS	OO 9 LE	N/A	PRIVATE	Alignment & effectiveness	2

**How are you contributing to the integrity of the end-to-end voting chain and confirmation process?**

Internal staff are responsible for voting according to guidelines. When a vote choice is unclear a Proxy Committee consisting of board deputies will meet to review and vote on the issues. Voting results are reviewing annually by the Proxy Committee.

## Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 25	PLUS	OO 9 LE	N/A	PRIVATE	Example	2

**Provide examples of the most significant (proxy) voting activities that your organisation and/or the service provider acting on your behalf carried out during the reporting year.**

Provide examples below:

(A) Example 1:	Executive Compensation: The SBI Proxy Committee maintains a number of well-developed precedents related to votes on executive compensation at companies (also known as “say-on-pay” votes). These precedents identify compensation schemes that the SBI does not believe are in the best interest of the company or its investors. In 2020, the SBI voted against nearly 70% of executive compensation proposals.
(B) Example 2:	Environmental Proposals: The SBI voted for 87% of proposals on environmental issues.
(C) Example 3:	The SBI Proxy Committee determined to vote against retention of the entire board of directors of ExxonMobil Corporation due to Exxon’s resistance to taking meaningful action to address long-term climate risks throughout its business. Notably, other major energy companies have taken fundamental steps to begin addressing climate risks, while Exxon has remained largely inactive.